

2007-2008 Seattle City Light Rate Proposal: Survey Response Summary

Ratings (1=highest priority)

<i>Respondent</i>	<i>Revenue forecast</i>	<i>Operating expenses outside of SCL control</i>	<i>Operating expenses internal to SCL control</i>	<i>Capital budget</i>	<i>Cost allocation study</i>	<i>Rate design</i>
A	4	3	2	1	5	6
B	4	3	5	6	1	2
C	--	--	3	--	2	1
D	--	--	--	--	--	--
E	--	--	--	--	--	--
F	6	5	3	7	2	1
G			2	1	4	3
H	2	1	2	1	1	1
I	2	3	4	6	5	1
J	6	5	3	4	2	1
K	1	5	2	3	6	4
L	3	5	3	1	2	6
M	2	5	4	1	3	6
N	5	6	1	3	4	2
O	2	--	3	1	4	5

Observation: Capital Budget (six #1 ratings) and Rate Design (five #1 ratings) ranked as highest priorities for discussion and analysis. Also, Revenue Forecast, Internal Operating Expenses and Cost Allocation Study each received four #2 rankings.

SUBTOPICS (letters correspond to respondents in table)

Revenue Forecast

Observation: Respondents were most interested in forecasting assumptions and the methods used.

- (J) A rate design that provides for full capture of costs across all retail rate classes would aid in a sound Revenue Forecast
- (J) Surplus power sales are variable year to year. However, by proportioning an amount during plentiful years to buying down the debt, SCL could better their financial position. Once the debt is more manageable, SCL could then look to another use for surplus power sales, such as “reliability improvements.”
- (K) Progress on short-term debt service and repayment
- (K) Commitment to market purchases of marginal power requirements
- (K) Cost of contracted power at the near margin, e.g., Stateline, K-falls
- (L) Forecasting assumptions
- (L) Spreadsheet justifications regarding assumptions
- (M) Forecasting assumptions
- (M) Forecasting methodologies utilized
- (O) What type enforcement measures?

Operating expenses outside of SCL control

Observation: Respondents were most interested in the impact of BPA.

- (J) Trying to control BPA, Transmission, etc., is best accomplished through negotiation and public hearings
- (M) Impact of new long-term contracts
- (M) Impact on SCL rates of BPA’s recent rate decrease

Operating expenses internal to SCL control

Observation: Respondents were most concerned about staffing levels and employment needs.

- (C) Administrative and general expenses, customer and billing expenses, compared to other utilities
- (G) Everything should be put on the table in the course of a rate review. Unfortunately Council staff and volunteer citizen advisory groups are usually not able to review very much of the operating budget request presented by SCL.
- (J) This is SCL’s responsibility and should be accessible through normal advisory channels and council oversight. Staffing, on the other hand, needs vast improvement. It has taken way too long to staff SCL under Transformation.
- (K) Level and source of funding for energy efficiency

- (L) Current staffing levels vs. planned FTEs
- (M) Actual employment needs vs. planned FTEs
- (N) Make sure that SCL is as efficient as possible
- (O) How much does it cost to outsource?
- (O) What part does SCL do to oversee and direct?

Capital budget

Observation: Respondents were most concerned about the maintenance of the existing infrastructure and the effect that capital projects will have on system reliability.

- (G) SCL obligations for proposed transportation projects (e.g., viaduct work, 520), and what burden would be placed on ratepayers for this work
- (G) Operating expenses disguised as capital expenditures (buried in the CIP)
- (G) Appropriate level of investment in conservation
- (J) I really hope that this area is given serious thought in the future. As part of the first rate redesign group, I recall an overwhelming response by stakeholders not to lower rates but to get control of the debt. SCL is not going to be able to provide safe, reliable, cost-effective service, while at the same time lowering rates.
- (K) Capital budget funding of efficiency (if any)
- (L) Maintenance of existing infrastructure
- (L) Listing of capital projects
- (M) Plans to upgrade maintenance level of existing distribution infrastructure
- (M) Capital projects in support of system reliability
- (M) Capital projects ranked by priority
- (O) What type of enforcement is there for business not paying bills?

Cost allocation study

Observation: Respondents were most interested in explanations of rate classes and subsidies.

- (C) Explain changes from the 1999 Cost of Service study
- (L) Rate class explanations
- (M) Rate class subsidies

Rate design

Observation: Respondents were most concerned about interruptible rates, low-income rates, seasonal rates and conservation issues.

- (C) Redesign of the residential rate; charge the network rate to residential and small general service customers in the network area
- (G) Seasonal differentials in each rate class
- (G) Low-income rates and their effect on conservation issues
- (J) Clear and understandable rates that capture costs across all rate classes
- (J) It would also be helpful to expand meter watch and encourage its use. If more customers took notice of usage, perhaps more would conserve.
- (K) Use of inverted block structures in proposed residential rate designs
- (K) Use of “interruptible” rates especially in the Industrial sector
- (M) Interruptible service/load shedding (demand response) options
- (N) Given property and other tax increases, how do we take care of lower-income people and their energy needs?
- (O) What determines these rates? Is there federal funding for some of these programs? How is the need determined and what are forecasts as the population ages?

Other Issues

Observation: Respondents were also concerned with strategic account management and incentives for energy efficiency.

- (A) Maintain integrity of SCL as a utility
- (A) Strict control of SCL funds and prevent use of such funds for other than SCL purposes
- (D) Paid public servants need public views
- (E) ... need for long-term consistent rate structures.
- (G) How best to solicit ratepayer/stakeholder input on rate issues (ad hoc rates advisory committees, standing committees, recent attempt at workshops, etc.
- (G) Effectiveness of former Advisory Board
- (I) Incentives for commercial and residential users for direct use of “green,” e.g., solar power
- (I) Better advertising of SCL’s incentives that are available now or in the future
- (J) Customer Account/Service – An organization as large as King County could provide a number of partnering opportunities on supply and demand side measures. I highly recommend that more of a strategic account management approach be provided and a strategic account plan be written jointly between SCL and King County, with SCL taking the lead in publishing.

- (K) The strategic plan for providing the utility with the resources for future load growth and for insuring that the city maintains its leadership in energy efficiency and energy-efficient design
- (N) Residential power generation – can it cut SCL costs?